

Media Statement

January 14, 2011

IPL Group Update on the business impact to this point in time of floods in Queensland and Northern NSW

Incitec Pivot Limited Managing Director and CEO, James Fazzino, said today that there had been an impact on some of the company's businesses and operations from the recent extreme weather conditions in Central and South East Queensland and Northern New South Wales.

"Fortunately, flooding has not disrupted production at our two biggest manufacturing operations in Australia, the fertiliser plants at Phosphate Hill, near Mt Isa, and Gibson Island, in Brisbane." Mr Fazzino said.

"I'm pleased to say that all of our employees are safe which has been our highest priority. Some have had their homes or property damaged and we are assisting them to get back on their feet as well as helping all affected employees deal with the situation.

"Our IPL people are key members of the communities hit by these tragic floods and we are exploring ways to help, such as liaising with some local authorities on provision of volunteers from our workforce and also donating equipment. Last week, we made a contribution to the flood relief appeal and are matching donations from our employees."

Mr Fazzino said that operationally, the extreme weather disrupted operations for the Dyno Nobel Asia Pacific (DNAP) and Incitec Pivot Fertilisers (IPL) businesses and a manufacturing plant at Helidon in South East Queensland. "We have been keeping close contact with our customers to co-ordinate the re-start of services and supply" he said.

"The DNAP business in the Bowen Basin in Central Queensland was severely disrupted because of temporary closure of mines and lack of access from explosives service centres at Bajool, near Rockhampton, and Moura, in central Queensland.

"We have recommenced explosives services in the Bowen Basin as mining customers re-start and access issues are resolved," he said.

Mr Fazzino said that production of ammonium nitrate at the Queensland Nitrates Pty Ltd (QNP) plant at Moura to supply customers in the Bowen Basin had also recommenced. QNP is a joint venture between DNAP and CSBP (Wesfarmers).

"The 220,000 tonne a year QNP plant suspended production on December 23 and expects to be back to full production by the end of next week, assuming full road access to customers," he said.

"Production at the DNAP initiation systems plant at Helidon was suspended on January 11 because of lack of access due to flooding. Production is expected to resume early next week.

"Construction was delayed at the Moranbah ammonium nitrate project in the Bowen Basin as a result of heavy rain. While the schedule for beneficial production by the first quarter of calendar 2012 remains on track, heavy rain has

put pressure on the weather contingency. Continuing rain delays will necessitate a re-assessment of the schedule," he said.

In discussing Incitec Pivot Fertilisers, Mr Fazzino said that volumes had been impacted by flood damage to farms and temporary suspension of operations at distribution centres in affected areas.

"We expect that there may be a rebound in fertiliser customer demand when floods subside but it will be subject to farmer profitability. Sadly, some farmers have lost an entire crop while others will have substantial costs to recover and prepare for next season. Key markets affected include sugar and cotton."